

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Acting Chairman;
Tony Hammond, Vice Chairman;
Mark Acton;
Ruth Y. Goldway; and
Nanci E. Langlely

Competitive Products Price Changes
Rates of General Applicability

Docket No. CP2015-33

NOTICE AND ORDER CONCERNING CHANGES IN RATES OF GENERAL
APPLICABILITY FOR COMPETITIVE PRODUCTS

(Issued January 28, 2015)

On January 26, 2015, the Postal Service filed notice with the Commission concerning changes in rates of general applicability for competitive products.¹ The Notice also includes related classification changes. The Postal Service represents that, as required by the Commission's rules, 39 CFR 3015.2(b), the Notice includes an explanation and justification for the changes, the effective date, and a schedule of the changed rates. *Id.* at 1. The changes are scheduled to become effective April 26, 2015. *Id.*

¹ Notice of the United States Postal Service of Changes in Rates of General Applicability for Competitive Products Established in Governors' Decision No. 14-5, January 26, 2015 (Notice). Pursuant to 39 U.S.C. 3632(b)(2), the Postal Service is obligated to publish the Governors' Decision and record of proceedings in the *Federal Register* at least 30 days before the effective date of the new rates or classes.

Attached to the Notice is Governors' Decision No. 14-05, which evaluates the new prices and classification changes in accordance with 39 U.S.C. 3632, 3633, and 39 CFR 3015.2.² The Governors' Decision provides an analysis of the competitive products' price and classification changes intended to demonstrate that the changes comply with 39 U.S.C. 3633(a) and 39 CFR part 3015. *Id.* at 1.

The attachment to the Governors' Decision sets forth the price changes and includes draft Mail Classification Schedule (MCS) language for competitive products of general applicability. Selected highlights of the price and classification changes follow.

Priority Mail Express. The existing structure of Priority Mail Express Retail, Commercial Base, and Commercial Plus price categories do not change. Some minor classification changes are made, but no price changes are proposed.

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Parcel Select. Non-Lightweight Parcel Select prices increase, on average, by 8.0 percent. The proposed prices for Lightweight Parcel Select increase by 9.8 percent. For destination entry parcels, the average price increases by 7.3 percent. For non-destination entry parcels, the average price increase is 8.7 percent.

Parcel Return Service. Overall, Parcel Return Service prices increase by 4.8 percent. Proposed prices for returned parcels retrieved from a return Network Distribution Center increase by 5.7 percent, prices for returned parcels retrieved from a return Sectional Center Facility increase by 5.0 percent, and prices for parcels picked up at a return delivery unit increase by 4.7 percent. The elimination of Parcel Return Service-Full Network is being proposed due to insufficient volumes, and to simplify product offerings.

² Decision of the Governors of the United States Postal Service on Changes in Rates and Classes of General Applicability for Competitive Products (Governors' Decision No. 14-05), December 5, 2014 (Governors' Decision No. 14-05).

First-Class Package Service. Overall, First-Class Package Service prices increase by 5.1 percent. The transfer of First-Class Mail Retail parcels to the competitive product list is pending before the Commission.³ If the transfer is approved, First-Class Mail Retail prices increase by 22.0 percent. If the transfer is not approved, the First-Class Mail Retail changes to the MCS are not proposed to be adopted.

Standard Post. Standard Post prices increase by an average of 11.4 percent. Prices in Zones 1-4 continue to align with the Retail Priority Mail prices for those zones. Thus, customers continuing to ship in those price cells will receive Priority Mail service, and will default to Standard Post service only if the item contains hazardous material or is otherwise not permitted to travel by air transportation.

Round-Trip Mailer. At the time Governors' Decision No. 14-05 was issued, the addition of Round-Trip Mailer to the competitive product list was pending before the Commission. If approved, prices for Round-Trip Mailer would increase by 2.3 percent and classification changes to the MCS would be adopted. On December 23, 2014, the Commission denied the request to add Round-Trip Mailer to the competitive product list.⁴ Given the Commission's denial, this request is moot.

Domestic Extra Services. Prices for several Domestic Extra Services are proposed to increase. The retail counter enrollment fee for Performance Forward Service (PFS) increases to \$18.00. The online enrollment fee for PFS increases to \$16.50. The weekly reshipment fee for PFS increases to \$18.00. Prices for Adult Signature service will increase to \$5.50 for the basic service and \$5.75 for the person-specific service. Address Enhancement Service prices increase up to 4.7 percent. Competitive Post Office Box prices increase by, on average, 3.5 percent. The proposed price increase for Package Intercept Service is 5.7 percent.

³ Docket No. MC2015-7, Request of the United States Postal Service to Transfer First-Class Mail Parcels to the Competitive Product List, November 14, 2014.

⁴ Docket Nos. MC2013-57 and CP2013-75, Order No. 2306, Order Denying Request, December 23, 2014.

Global Express Guaranteed and Priority Mail Express International. Overall, Global Express Guaranteed (GXG) service prices increase by 7.2 percent. Priority Mail Express International (PMEI) service prices increase by 6.7 percent. The existing structure of GXG Retail, Commercial Base, and Commercial Plus price categories do not change.

Priority Mail International. Overall, Priority Mail International (PMI) prices increase by 5.5 percent. The existing structure of PMI Flat Rate, Retail, Commercial Base, and Commercial Plus price categories do not change, except for the establishment of new zoned prices based on origin ZIP Code for PMI destined to Canada. The maximum weight for PMI Rate Group 17 (Netherlands) will increase to 66 pounds.

International Priority Airmail/International Surface Air Lift. The published prices for International Priority Airmail and International Surface Air Lift are proposed to increase by 4.5 percent.

Airmail M-Bags. The published prices for Airmail M-Bags increase by 6.8 percent.

First-Class Package International Service. Overall, prices for First-Class Package International Service (FCPIS) increase by 7.2 percent. The existing structure of FCPIS Retail, Commercial Base, and Commercial Plus price categories do not change.

International Ancillary Services. Certificates of Mailing prices are proposed to increase by 2.5 percent. Registered Mail prices increase by 2.2 percent. International Return Receipt prices increase by 2.7 percent.

The insurance tables for PMEI and PMI will be combined to simplify pricing. The International Business Return Service Competitive Contract product is to be renumbered. Provisions concerning Inbound International Return Receipt and Inbound International Insurance are to be removed from the MCS.

Further details of these changes may be found in the attachment to Governors' Decision No. 14-05 which is included as part of the Notice and contains proposed changes to the MCS in legislative format.

The Notice also includes three additional attachments:

- A redacted table showing FY 2015 projected volumes, revenues, attributable costs, contribution, and cost coverage for each product, assuming implementation of the new prices on April 26, 2015.
- A redacted table showing FY 2015 projected volumes, revenues, attributable costs, contribution, and cost coverage for each product, assuming a hypothetical implementation of the new prices on October 1, 2014.
- An application for non-public treatment of the attributable costs, contribution, and cost coverage data in the unredacted version of the annex to Governors' Decision No. 14-05, as well as the supporting materials for the data.

The table referenced above shows that the share of institutional cost generated by competitive products, assuming implementation of new prices on April 26, 2015, is expected to be 15.3 percent.

Notice. The Commission establishes Docket No. CP2015-33 to consider the Postal Service's Notice. Interested persons may express views and offer comments on whether the planned changes are consistent with 39 U.S.C. 3632, 3633, 3642, 39 CFR part 3015, and 39 CFR 3020 subparts B and E. Comments are due no later than February 9, 2015. For specific details of the planned price and classification changes, interested persons are encouraged to review the Notice, which is available on the Commission's website, www.prc.gov.

Pursuant to 39 U.S.C. 505, Kenneth E. Richardson is appointed to serve as Public Representative to represent the interests of the general public in this docket.

It is ordered:

1. The Commission establishes Docket No. CP2015-33 to provide interested persons an opportunity to express views and offer comments on whether the planned changes are consistent with 39 U.S.C. 3632, 3633, 3642, 39 CFR part 3015, and 39 CFR 3020 subparts B and E.
2. Comments are due no later than February 9, 2015.
3. The Commission appoints Kenneth E. Richardson to serve as Public Representative to represent the interests of the general public in this proceeding.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary